Proceedings of ICFTBA 2026 Symposium: Strategic Management & Business Analytics: Data-Driven Performance Models
DOI: 10.54254/2754-1169/2026.LD38872

The Introduction, Survival and Development of Public REITs in China

Peijiang Yan

University of Nottingham, Ningbo, China
biypy@nottingham.edu.cn

Abstract. Public real estate investment trusts provide a capital-market mechanism for converting income-producing assets into liquid and tradable investment vehicles. China launched its pilot programme for publicly offered infrastructure REITs in 2020, and the first nine products began trading on the Shanghai and Shenzhen Stock Exchanges on 21 June 2021, raising approximately RMB 31.4 billion. Over the subsequent five years the market evolved from a narrowly focused pilot into a multi-asset platform covering infrastructure, affordable rental housing, consumption facilities and commercial real estate. By mid-June 2026 the number of listed public REITs had reached 86, with cumulative capital raised of RMB 245 billion. Expansion offerings became operational, creating a dual mechanism of primary issuance and follow-on fundraising. This paper examines the policy origins, market expansion trajectory, operating performance and principal constraints facing Chinese public REITs. Drawing on exchange statistics, regulatory notices and secondary-market data, the analysis shows that the sector has achieved substantial scale and institutional completeness. Nevertheless, limited secondary-market liquidity, valuation dispersion across asset classes and an institutionally concentrated investor base continue to constrain market depth. Sustained development will depend on further improvements in market microstructure, operational transparency and investor diversification.

Keywords: Public REITs, Infrastructure financing, Capital market development, Asset securitisation

1. Introduction

Real estate investment trusts originated in the United States in the 1960s as collective investment vehicles that enable investors to obtain exposure to income-generating property without direct ownership or active management responsibility. In mature markets they have become a standard component of institutional portfolios and a practical instrument for recycling capital from existing assets into new investment. China's decision to introduce publicly offered REITs was driven by two interrelated policy objectives: the reduction of leverage associated with traditional infrastructure financing and the expansion of capital-market channels capable of serving the real economy. Decades of reliance on bank credit and local-government financing vehicles had produced a large stock of infrastructure assets whose economic value remained largely locked on the balance sheets of project companies and local platforms.

© 2026 The Authors. This is an open access article distributed under the terms of the Creative Commons Attribution License 4.0 (https://creativecommons.org/licenses/by/4.0/).

DOI: 10.54254/2754-1169/2026.LD38872

Existing academic and industry literature has examined the distinctive dual structure of Chinese public REITs, in which a public securities investment fund holds the entirety of an asset-backed securities plan, and has compared this design with international counterparts [1]. Other studies have analysed secondary-market returns, dividend distribution patterns, risk transmission mechanisms and the contribution of REITs to infrastructure financing and local-government deleveraging [1]. Despite these contributions, systematic accounts that integrate the full five-year trajectory remain relatively limited.

This paper therefore examines three interconnected research questions regarding China's public REITs: their institutional rollout and expansion, market-level development across 2021-mid-2026, and key structural barriers to their long-term sustainable growth. This study offers a consolidated overview to inform future research and policy debates.

2. Policy framework and institutional evolution

The formal launch of the public REIT pilot occurred in April 2020 with the joint notice issued by the National Development and Reform Commission and the China Securities Regulatory Commission on advancing infrastructure-sector REITs [2]. The notice established eligibility criteria focused on mature infrastructure assets with stable and predictable cash flows, outlined the dual-structure product design, and allocated regulatory responsibilities between the two authorities. Subsequent detailed rules issued by the stock exchanges and the CSRC in early 2021 clarified offering procedures, information-disclosure standards and ongoing supervision requirements. On 21 June 2021 the first nine products commenced trading—five on the Shanghai Stock Exchange and four on the Shenzhen Stock Exchange—raising a combined RMB 31.4 billion [3]. The initial asset mix comprised industrial parks, toll roads, warehouses and environmental facilities, reflecting a cautious, infrastructure-centred approach intended to limit exposure to residential real-estate market risks and to test the operational viability of the new instrument.

Policy adjustments in subsequent years systematically widened the range of eligible assets and shifted the market from pilot status toward regularised issuance. Affordable rental housing was formally incorporated in 2022, aligning the REIT framework with broader housing-policy objectives. In July 2024 the National Development and Reform Commission issued Notice No. 1014, which transferred infrastructure REITs from pilot to regularised issuance, simplified certain application procedures and clarified the permitted use of recovered proceeds for new investment [4]. At the end of 2025 the CSRC announced a pilot programme for commercial real-estate REITs, bringing shopping centres, offices and hotels within the public framework [5]. The first four commercial REITs were listed on the Shanghai Stock Exchange on 18 June 2026, raising approximately RMB 20.3 billion [6]. Parallel refinements to expansion-offering rules enabled listed REITs to acquire additional assets after a minimum holding period, thereby establishing a dual-drive growth model of primary issuance plus follow-on capital raising. By mid-2026 more than twenty projects had entered the substantive expansion stage, of which ten had completed listing [7]. Over five years, the regulatory framework evolved from a restrictive pilot to a comprehensive system, enabling significant growth post-2024.

DOI: 10.54254/2754-1169/2026.LD38872

3. Market development trajectory and scale expansion

3.1. Quantitative growth

Market scale expanded substantially across successive phases. The pilot period of 2021–2023 was characterised by cautious issuance and relatively limited product numbers. From 2024 onward issuance accelerated markedly following the shift to regularised procedures. By the end of 2025 the number of listed products had reached approximately 78–79, with cumulative capital raised exceeding RMB 210 billion. As of 21 June 2026 the market comprised 86 listed public REITs and cumulative capital raised of RMB 245 billion. Of these products, 59 were listed on the Shanghai Stock Exchange (approximately RMB 176 billion raised) and 27 on the Shenzhen Stock Exchange (approximately RMB 68.8 billion) [7].

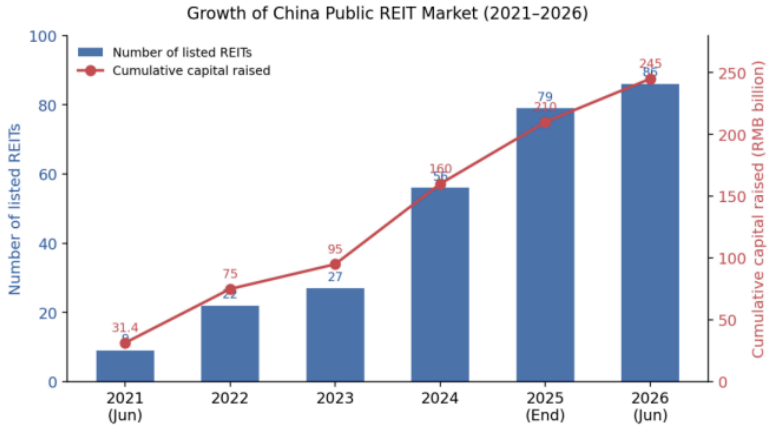


Figure 1. Growth of the China public REIT market (2021–2026)

By number of listed products the Chinese public REIT market ranks first in Asia and occupies a significant position among global peers [8]. A comparative perspective on product counts across selected Asia-Pacific markets is presented in Figure 3 later in the paper.

3.2. Asset diversification

Asset-type diversification has been a defining feature of market development. Early products concentrated on toll roads, industrial parks, warehouses and environmental facilities. Subsequent cohorts added affordable rental housing, consumption infrastructure and data centres. The commercial real-estate pilot of late 2025 and 2026 further extended coverage to retail and office properties [9]. By early 2026 the approximate composition of the market by asset type is summarised in Figure 2. This diversification has improved the capacity of the market to absorb different risk–return profiles and has broadened the pool of potential sponsors, including central and local state-owned enterprises, private developers and selected foreign-invested entities. The resulting dual-pillar structure of infrastructure and commercial real estate has reduced concentration risk at the market level while creating more granular investment opportunities for portfolio construction.

DOI: 10.54254/2754-1169/2026.LD38872

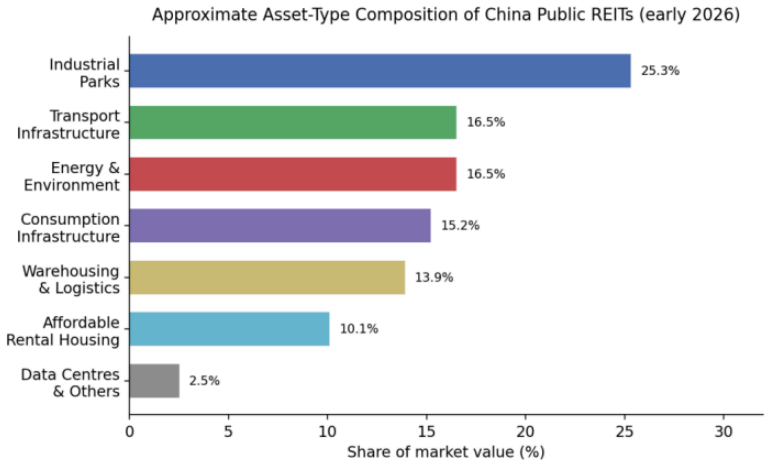


Figure 2. Approximate asset-type composition of China public REITs (early 2026)

4. Operational performance and investor returns

Underlying assets have generally generated stable operating cash flows. Among the 52 Shanghai-listed REITs that disclosed 2025 annual reports, total revenue reached RMB 14.5 billion, representing a year-on-year increase of 71 per cent, while distributable amounts totalled RMB 8.8 billion, an increase of 42 per cent [10]. Cumulative dividends distributed by Shanghai-listed products over the first four years exceeded RMB 15 billion, with a 2024 dividend rate of approximately 5.7 per cent [10]. Property-type REITs recorded an overall distribution rate of around 4.2 per cent, whereas concession-type products delivered full-cycle internal rates of return near 4.1 per cent [10]. These figures indicate that the mandatory high payout ratio has translated into tangible cash returns for investors and has supported the characterisation of public REITs as income-oriented instruments.

The stability of distributions has been underpinned by the regulatory requirement that at least 90 per cent of distributable amounts be paid out to investors. This feature distinguishes Chinese public REITs from many equity instruments and underpins their appeal to income-oriented institutional investors such as insurance companies and pension funds. At the same time, the relatively short track record of certain newer asset classes, particularly commercial real estate and data centres, implies that long-term cash-flow predictability remains to be fully tested across complete economic cycles. Continuous monitoring of occupancy rates, rental growth and traffic volumes will therefore remain essential for assessing the sustainability of current distribution levels.

Secondary-market performance has been more variable than operating results. Total-return indices exhibited periods of appreciation, particularly in 2024 and early 2025, followed by corrections associated with interest-rate movements, lock-up expiries and increased primary-market supply. Sector differentiation is pronounced: certain consumption and rental-housing REITs recorded stronger price gains, while some industrial-park and selected infrastructure products underperformed. Average secondary-market turnover remains modest relative to equity markets, reflecting high strategic-placement ratios and the predominance of long-term institutional holders [9, 11]. The combination of stable operating distributions and moderate secondary-market volatility has positioned public REITs as an intermediate asset class between traditional fixed-income instruments and equities.

DOI: 10.54254/2754-1169/2026.LD38872

5. Challenges to market maturity and sustainable development

Limited secondary-market liquidity constitutes one of the most frequently cited constraints on market development. Daily turnover rates for the majority of products remain low, reducing attractiveness for active investors and impeding efficient price discovery [11]. High strategic-placement ratios, while supportive of primary-market stability at the time of issuance, restrict free float and concentrate ownership among long-term institutional holders. Index-tracking products for the CSI REITs Total Return Index are emerging and could enhance liquidity, however, the existing microstructure lacks the depth seen in more established REIT markets. Low turnover also raises the cost of entry and exit for smaller institutional participants and can amplify price impact when larger orders are executed.

Valuation levels have displayed substantial dispersion across sectors and over time, with occasional premiums or discounts to net asset value that do not always align closely with underlying cash-flow fundamentals [9]. Investor composition remains heavily skewed toward institutions, retail participation, although present, is still modest. This concentration can amplify price movements around lock-up expiries or large primary offerings and may limit the market's capacity to absorb continuous new supply without temporary valuation pressure. A more balanced investor base would contribute to greater price stability and deeper secondary-market liquidity over the medium term.

Governance and operational complexities arise from the dual-structure design and the multi-party relationships among sponsors, fund managers, trustees and asset operators [1]. Agency risks and information asymmetries require continuous monitoring through enhanced disclosure and independent oversight. Tax treatment, although improved relative to the early pilot period, continues to involve multi-layered considerations that can affect the net yields available to investors. In addition, the quality and geographic concentration of underlying assets vary across products, exposing certain REITs to local economic or traffic fluctuations [12]. Structural features may not jeopardize the market's immediate viability, but they limit the sector's ability to reach maturity in terms of depth, liquidity, and diverse investors. Improvements in disclosure standards and better alignment of incentives among participants are needed to mitigate remaining agency issues.

6. Comparative perspective and prospects for continued development

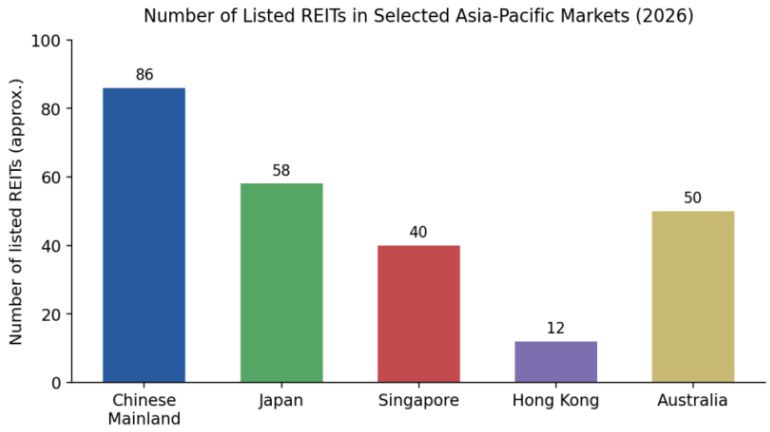


Figure 3. Approximate number of listed REITs in selected Asia-Pacific markets (2026)

A comparative view of product numbers across selected Asia-Pacific markets (Figure 3) underscores the rapid expansion of the Chinese mainland market by count of listed vehicles. While

DOI: 10.54254/2754-1169/2026.LD38872

market-capitalisation rankings differ because of variations in average product size, the numerical leadership reflects the intensive policy-driven issuance of recent years [8].

Policy direction continues to support expansion. Regularised issuance of infrastructure REITs, the ongoing commercial real-estate pilot and progressive refinement of expansion-offering rules provide a clear institutional pathway for further growth [4, 5]. Industry estimates suggest that, under conservative assumptions regarding penetration relative to China's large stock of income-producing real estate, the public REIT market could reach several hundred billion yuan in capitalisation over the medium term [8]. The dual-track model of primary issuance and expansion offerings is expected to remain central to scale expansion, allowing individual platforms to diversify asset portfolios and improve risk-adjusted returns [7]. Conditions for sustainable development include further improvements in secondary-market liquidity mechanisms, greater operational transparency, broader participation by long-term institutional capital, and continued alignment of tax and regulatory treatment with international practice. If these elements advance in parallel with continued asset-type diversification, the public REIT market is positioned to evolve into a more mature component of China's capital markets and a durable vehicle for recycling capital from both infrastructure and commercial real estate.

7. Conclusion

Chinese public REITs have progressed from a limited infrastructure pilot launched in 2021 to a multi-asset market comprising 86 listed products and RMB 245 billion in cumulative capital raised by mid-2026. The introduction process was shaped by explicit policy design aimed at unlocking the value of existing infrastructure assets and expanding the range of capital-market instruments available to both institutional and retail investors. The market has achieved substantial quantitative expansion, progressive diversification of underlying assets, and the establishment of a dual mechanism of primary issuance and expansion offerings. Operating performance has remained stable, with meaningful dividend distributions supported by high mandatory payout ratios.

At the same time, several structural constraints limit the depth and resilience of the market, including modest secondary-market liquidity, notable valuation dispersion across sectors, and a concentrated investor base among institutional holders. Governance complexities inherent in the dual-structure design and residual tax considerations further affect the overall attractiveness of the instrument for certain categories of investors. These challenges do not undermine the fundamental viability of the market, yet they indicate that the transition from a policy-driven expansion phase to a more mature, market-driven equilibrium is still incomplete.

The present analysis is constrained by the relatively short history of the commercial real-estate segment and by the incomplete standardisation of long-term performance series across all product types. Future research could usefully examine the effects of expansion offerings on portfolio efficiency and risk diversification, the determinants of secondary-market liquidity under different investor compositions, and the comparative performance of Chinese public REITs relative to mature Asian and global markets under varying interest-rate and macroeconomic conditions.

References

[1] Fang, Z. (2022). Research on risks and management mechanism of REITs in China. In *Proceedings of the 5th International Conference on Economic Management and Green Development* (pp. 123-136). Springer Nature Singapore. Singapore.

[2] China Securities Regulatory Commission & National Development and Reform Commission. (2020). Notice on advancing the pilot programme for real estate investment trusts (REITs) in the infrastructure sector.

DOI: 10.54254/2754-1169/2026.LD38872

https://www.csreg.cn/main/news/2020/04/20200410_12.html
[3] Shanghai Stock Exchange & Shenzhen Stock Exchange. (2021). Announcements on the listing of the first batch of publicly offered infrastructure REITs, 21 June 2021. https://www.sse.com.cn/lcjs/20210621/20210621_1_1_0_1_0.html
[4] National Development and Reform Commission. (2024). Notice on comprehensively promoting the regularised issuance of infrastructure REITs (Development and Reform Investment [2024] No. 1014). https://www.ndrc.gov.cn/xxgk/zcft/2024/202401/20240108_1.html
[5] China Securities Regulatory Commission. (2025). Announcement on launching the pilot programme for commercial real estate investment trusts. https://www.csreg.cn/main/news/2025/12/20251218_12.html
[6] Shanghai Stock Exchange. (2026, June 18). Announcement on the listing of the first batch of commercial real estate REITs. https://www.sse.com.cn/lcjs/2025/202506/20250630_1_1_0_1_0.html
[7] China Business Journal. (2026). Five-year review of the public REIT market: 86 products and RMB 245 billion raised. https://www.cbirc.gov.cn/cn/2026/06/29/20260629_1.html
[8] Industry research notes from major Chinese securities firms and international consultancies on Asian REIT market comparisons. https://www.cushmanwakefield.com/en/asia/asia-reits-2025
[9] Shanghai and Shenzhen Stock Exchanges. (2026). Official exchange trading statistics and market summaries. https://www.sse.com.cn/lcjs/2021-2026-statistics.html
[10] Shanghai Stock Exchange. (2026). Disclosure of 2025 annual reports of SSE-listed REITs and related performance statistics. https://www.sse.com.cn/lcjs/2025/202506/20250630_1_1_0_1_0.html
[11] Tinan, N. N. (2026). *An empirical analysis of IPO pricing efficiency, post-IPO financial performance & regulatory effectiveness in the Bangladesh capital market* (Doctoral dissertation, Jagannath University).
[12] Locurcio, M., Di Liddo, F., Morano, P., Tatulli, L., & Tajani, F. (2026). Real estate risk: A comprehensive systematic review of the existing academic literature. *Real Estate Management and Valuation, 34*(2), 75-99.